

Office of the Treasurer
- City of Albany, New York -
Interim Financial Report
2nd Quarter – FY 2025

CITY OF ALBANY, NEW YORK
OFFICE OF THE TREASURER - INTERIM FINANCIAL REPORT
2nd QUARTER – FY 2025

Date: August 2nd, 2025

To: Hon. Kathy Sheehan, Members of the Common Council

From: Hon. Darius Shahinfar

CC: Ann Marie Salmon, Gideon Grande

Re: Midyear 2025 Interim Financial Report

FY 2025 Midyear Financial Synopsis

At the midpoint of the fiscal year, the City of Albany’s General Fund reflects a stable but closely monitored financial position. Total revenues reached \$113.3 million, or 50.8 percent of the amended \$223.2 million budget, while expenditures totaled \$110.1 million, or 49.4 percent of appropriations. Both are consistent with historical midyear pacing, though several categories on both sides of the ledger warrant continued attention as the City enters the second half of the fiscal year.

Revenues remain generally stable, supported by strong property tax collections, steady landfill and permit activity, and the continued performance of other locally managed sources. Sales tax growth, while positive, has lagged behind budget expectations due to broader macroeconomic pressures, and school speed zone camera revenue is projected to close modestly below target based on current enforcement and collection trends. The absence of ARPA funding continues to account for most of the year-over-year variance in total receipts. Major state aid payments—including Capital City Funding and AIM/TMA distributions—will be received in the third and fourth quarters and are expected to bring intergovernmental revenues in line with budget.

On the expenditure side, personal services and non-personal services are trending near budget, with salary and overtime costs reflecting staffing and operational realities across public safety and public works. Fringe benefits have increased by 12.3 percent year-over-year, driven by higher health insurance and retirement contributions, and will require ongoing monitoring to ensure appropriations remain sufficient through year-end. Non-personal services expenditures have also risen, primarily due to BAN interest, stabilization & demolition costs, and judgments & settlements, though some costs are partially offset by corresponding revenue billings.

Cash flow patterns follow the City’s normal seasonal cycle. The General Fund cash balance stood at \$10.0 million at the end of June, reflecting the decline that typically occurs between property tax collection periods. The upcoming receipt of Capital City Funding and the second-quarter Sales Tax distribution in early Q3 will be critical to replenishing operating cash, enabling the City to meet payroll obligations and maintain timely payments to vendors.

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Overall, midyear results indicate a structurally sound financial position with manageable short-term pressures. Revenue performance remains consistent with expectations aside from certain economically sensitive areas, while expenditures are being effectively controlled within appropriated levels. The City will continue to monitor fringe benefits, overtime, and liquidity closely to ensure that FY 2025 concludes within budget and maintains the City's long-term fiscal stability.

- CITY OF ALBANY, NEW YORK -
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND MODIFIED BUDGET
FOR THE CITY OF ALBANY GENERAL FUND (THOUSANDS)

REVENUES	Q2 2025	Q2 2024	\$O/(U)	O/(U)%	2025 Budget	% of Budget
Real property taxes	62,771	61,925	846	1.4%	63,106	99.5%
Sales and use taxes	23,157	22,891	266	1.2%	49,973	46.3%
Other taxes	1,177	1,079	98	9.1%	4,176	28.2%
Payments in lieu of taxes	9,655	10,971	-1,316	-12.0%	19,393	49.8%
Intergovernmental revenue	1,750	11,088	-9,339	-84.2%	50,570	3.5%
Charges for services	5,650	6,525	-875	-13.4%	12,086	46.8%
Fines, interest and penalties	4,279	2,443	1,836	75.2%	11,942	35.8%
Use of money and properties	558	1,213	-656	-54.0%	2,087	26.7%
Licenses and permits	2,786	2,274	512	22.5%	5,580	49.9%
Other revenues	1,513	715	798	111.5%	4,277	35.4%
<i>Total revenues</i>	113,294	121,125	-7,830	-6.5%	223,190	50.8%

Revenue Summary

As of June 30, 2025, the City of Albany recorded \$113.3 million in General Fund revenue, representing 50.8 percent of the amended FY 2025 revenue budget of \$223.2 million. This total reflects a \$7.8 million (6.5 percent) decrease compared to the \$121.1 million collected during the same period in FY 2024.

The year-over-year decline is primarily attributable to the absence of American Rescue Plan Act (ARPA) funding, which provided one-time revenue support in the prior fiscal year. Excluding that variance, the City's core recurring revenue sources—such as real property taxes, landfill operations, permits, and fines—remain stable or have improved relative to prior-year pacing. However, economically driven revenue, including sales tax, has grown at a slower rate than anticipated. When combined with underperformance in School Speed Zone Camera collections, these factors suggest the City is likely to close FY 2025 slightly below budgeted revenue expectations.

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Real Property Taxes

Real property tax revenue totaled \$62.77 million as of June 30, 2025, representing 99.5 percent of the \$63.11 million annual budget and a 1.5 percent increase over the same period in FY 2024. Collections remain strong, supported by high current levy compliance and timely billing practices.

While revenue performance is tracking near the annual target, the City continues to carry a significant balance of outstanding tax receivables from prior periods. These delinquencies generate additional interest and penalty income, which is expected to bring total property tax-related revenue close to or slightly above the budgeted allocation by year-end.

The recent citywide property reassessment has also led to a notable rise in tax cert settlements, which are projected to exceed the \$250,000 budgeted allowance. Although this will offset a portion of gross collections, it is not anticipated to materially affect the City's ability to achieve 100 percent of its overall property tax revenue budget. The increase in tax cert activity is viewed as a short-term adjustment resulting from the reassessment process and is not expected to recur in 2026 once pending cases are resolved.

Sales and Use Tax

Sales tax revenue totaled \$23.16 million as of June 30, 2025, compared to \$22.89 million in the same period of FY 2024, reflecting a modest year-over-year increase of 1.2 percent. The FY 2025 budget anticipates total sales tax revenue of \$49.97 million, with 46.3 percent of the annual target realized through the second quarter.

Although growth has remained positive, it continues to lag behind budget expectations. The slower pace reflects ongoing macroeconomic pressures, including inflationary fatigue, restrained consumer spending, and trade-related cost increases that have tempered taxable sales activity.

Assuming current trends persist through the remainder of the year, the City is projected to close FY 2025 with sales tax revenue between \$48.0 million and \$48.5 million, or roughly 97 to 98 percent of the budgeted amount. While this shortfall is not expected to materially affect overall financial stability, it may modestly constrain flexibility for year-end budget performance and will warrant continued monitoring through the third quarter.

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Intergovernmental Revenue

Intergovernmental revenue totaled \$1.75 million as of June 30, 2025, compared to \$11.1 million during the same period in FY 2024. The FY 2025 budget anticipates total intergovernmental revenue of \$48.4 million. The year-over-year decline primarily reflects the conclusion of American Rescue Plan Act (ARPA) funding in FY 2024, which accounted for the majority of the prior-year variance.

Excluding ARPA, current-year performance is broadly consistent with historical midyear pacing. The City has not yet received its major State aid distributions—Capital City Funding and AIM/TMA payments—which are scheduled for the third and fourth quarters. Together, these two sources represent approximately \$35 million, or more than 70 percent of the budgeted total for this category. Once received, intergovernmental revenue is expected to align closely with the annual budget.

Charges for Services

Charges for services revenue totaled \$5.7 million as of June 30, 2025, compared to \$6.5 million during the same period in FY 2024, a decrease of 12.3 percent. The FY 2025 budget anticipates total revenue of \$12.1 million, with 47.1 percent realized through the second quarter.

The decline is mainly due to Department of General Services (DGS) fees that were moved to the property tax roll as delinquent tax additions. When unpaid fees are added to the tax bill, they are no longer counted as service revenue, resulting in a lower total for this category. Excluding this adjustment, collections are consistent with prior-year levels, and overall performance is expected to finish near budget by year-end.

Fines, Interest, and Penalties

Revenue from fines and forfeitures totaled \$4.3 million as of June 30, 2025, compared to \$2.4 million during the same period in FY 2024, an increase of 79.2 percent. The FY 2025 budget anticipates total revenue of \$11.9 million, with 36.1 percent of that amount realized through the second quarter.

The year-to-date increase reflects continued growth in the school speed zone camera program and stable performance in parking and traffic-related fines. However, collections remain below the pace needed to meet the annual target. Based on current trends, the City projects that total revenue in this category will finish approximately \$2.0 million below budget by year-end. The City will continue to monitor this revenue closely through the second half of the fiscal year.

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Use of Money and Property

Use of money and property revenue totaled \$542,000 as of June 30, 2025, compared to \$1.0 million during the same period in FY 2024, a decrease of 45.8 percent. The FY 2025 budget anticipates total revenue of \$1.3 million, with 40.7 percent realized through the second quarter.

The decline is primarily due to reduced available cash flow following the spend-down of ARPA funds, lower interest rates driven by broader economic conditions, and City policies and agreements that provide upfront funding to certain component units and agencies. These factors have collectively limited the City's ability to generate interest income during the first half of the fiscal year. Revenue in this category is expected to improve modestly in the second half of the year but finish slightly below budget by year-end.

Licenses and Permits

Licenses and permits revenue totaled \$2.8 million as of June 30, 2025, compared to \$2.2 million during the same period in FY 2024, an increase of 27.3 percent. The FY 2025 budget anticipates total revenue of \$5.6 million, with almost 50% percent realized through the second quarter.

The increase is primarily due to a higher volume of demolitions compared to the prior year, which has driven stronger permitting activity and associated fee collections. Other categories, such as building and business permits, have remained generally consistent with prior-year trends. Overall, this revenue category is on track to meet or slightly exceed the annual budget by year-end.

Conclusion and Outlook

As of June 30, 2025, General Fund revenues totaled \$113.3 million, or 50.8 percent of the amended FY 2025 revenue budget of \$223.2 million. While total collections are below the prior year due to the conclusion of ARPA funding, the City's recurring revenue streams continue to demonstrate stability across most categories.

Core locally controlled revenues—such as property taxes, licenses and permits, and landfill-related fees—are performing near or above expectations. Property tax revenue remains a dependable foundation, supported by strong collection compliance and interest penalties on outstanding receivables. Licenses and permits have outpaced the prior year, driven by an increase in demolition activity.

Conversely, certain economically sensitive revenues, including sales tax, are pacing below projections, reflecting broader macroeconomic headwinds such as inflation, slowed consumer spending, and trade-related cost pressures. Similarly, fines and forfeitures, while improved over

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the prior year, are expected to finish modestly below target based on current enforcement and collection patterns.

Intergovernmental revenues will increase significantly in the second half of the year as major state aid payments—including Capital City Funding and AIM/TMA distributions—are received. These payments represent roughly 70 percent of the category's annual total and will bring intergovernmental revenues in line with budget expectations.

Overall, the City's revenue position at midyear reflects a stable financial foundation with modest downside risk in economically driven areas. Barring any significant changes in economic conditions, total General Fund revenues are expected to close FY 2025 slightly below budget but remain within a manageable range consistent with long-term fiscal stability.

EXPENDITURES	Q2 2025	Q2 2024	\$O/(U)	O/(U)%	2025 Budget	% of Budget
Personal benefits	49,662	47,459	2,203	4.6%	106,030	46.8%
Fringe benefits	26,298	23,410	2,888	12.3%	61,576	42.7%
Non-personal services	34,127	29,364	4,763	16.2%	55,584	61.4%
<i>Total expenditures</i>	110,087	100,232	9,854	9.8%	223,190	49.3%

Expenditure Summary

As of June 30, 2025, total General Fund expenditures totaled \$110.1 million, or 49.4 percent of the amended FY 2025 budget of \$222.6 million. This represents an increase of approximately 8.5 percent compared to the same period in FY 2024. While spending has grown moderately, overall expenditure performance remains within an acceptable midyear range.

Personal services expenditures totaled \$49.7 million, a 4.6 percent increase over FY 2024, reflecting contractual wage adjustments & higher overtime usage in public safety & public works functions. Fringe benefits totaled \$26.3 million, up 12.3 percent from the prior year, due to higher health insurance premiums, retirement contribution rates, & other benefit-related costs.

Non-personal services expenditures reached \$34.1 million, a 16.2 percent increase over the prior year, with notable growth in BAN interest, stabilization & demolition, and judgments & settlements. These costs account for most of the increase in this category, though demolition expenses are partially offset by revenue billings.

At midyear, the City's expenditure trends reflect normal operational pacing, with modest pressure in fringe benefits & non-personal services. Ongoing monitoring will be important to ensure these categories remain within appropriation limits by year-end. Overall, General Fund spending remains controlled & aligned with budget expectations for the fiscal year.

Personal Services

Personal services expenditures, which include salaries and overtime, totaled \$49.7 million as of June 30, 2025, compared to \$47.5 million during the same period in FY 2024, an increase of 4.6 percent. The FY 2025 budget for this category is \$106.0 million, with 46.8 percent expended through the second quarter.

The year-over-year increase primarily reflects negotiated wage adjustments under collective bargaining agreements, as well as elevated overtime costs in public safety and public works functions during the winter and early spring months. Staffing levels across most departments have remained stable, though overtime has been used to offset vacancies and maintain service continuity.

At midyear, spending is consistent with historical patterns and within an acceptable range of the annual budget. Based on current payroll trends and anticipated staffing needs through year-end, personal services expenditures are expected to finish near budgeted levels.

Fringe Benefits

Fringe benefits expenditures totaled \$26.3 million as of June 30, 2025, compared to \$23.4 million during the same period in FY 2024, an increase of 12.3 percent. The FY 2025 budget for this category is \$61.6 million, with 42.7 percent expended through the second quarter.

The increase reflects higher employer contribution rates for retirement, rising health insurance premiums, and other benefit-related cost pressures consistent with statewide trends. In addition, timing of premium payments and reimbursement cycles has contributed to higher midyear totals compared to the prior year.

Given the significant share of fringe benefit costs that occur in the fourth quarter—particularly year-end retirement and health insurance payments—there is some risk of exceeding budgeted appropriations if current trends continue. The City will continue to monitor this category closely and evaluate potential adjustments or offsets to manage year-end exposure within available resources.

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Non-Personal Services

Non-personal services expenditures totaled \$34.1 million as of June 30, 2025, compared to \$29.4 million during the same period in FY 2024, an increase of 16.2 percent. The FY 2025 budget for this category is \$55.6 million, with 61.4 percent expended through the second quarter.

The increase is largely attributable to higher costs in three areas: BAN interest payments, stabilization & demolition expenses, and judgments & settlements. These categories have collectively risen compared to the prior year, reflecting both timing & cost pressures. It is important to note that demolition costs are largely offset by corresponding billings recorded as revenue, mitigating their net budgetary impact.

Given the elevated midyear expenditure rate, continued monitoring of these key cost drivers will be necessary to manage spending within the approved appropriation by year-end.

Conclusion and Outlook

At midyear, General Fund expenditures are trending modestly above the prior year but remain largely in line with budget expectations. Spending growth has been driven by a combination of contractual wage adjustments, rising benefit costs, and several front-loaded or one-time expenditures. Despite these pressures, the City continues to demonstrate disciplined budget management and effective oversight of departmental spending.

Personal services are expected to finish near budget, reflecting stable staffing levels & consistent payroll activity. Fringe benefits represent the primary area of concern, as rising health insurance & retirement costs, combined with significant fourth-quarter obligations, may push expenditures close to or slightly above budgeted levels. Non-personal services will also require continued monitoring, where elevated costs have already accelerated midyear spending.

Overall, expenditure performance through the second quarter reflects a stable fiscal posture. Continued attention to fringe benefit trends, contract spending, & discretionary cost control will be key to ensuring that the General Fund closes FY 2025 within appropriation limits and maintains a balanced financial position going into FY 2026.

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OVERTIME REPORT FOR THE CITY OF ALBANY GENERAL FUND BY DEPARTMENT

NON-REIMBURSABLE	Q2 2025	Q2 2024	\$O/(U)	O/(U)%	2025 Budget	% of Budget
Police	5,087,962	4,370,351	717,611	16.4%	8,315,000	61.2%
Fire	783,399	772,843	10,555	1.4%	1,775,000	44.1%
Communications	353,631	286,731	66,900	23.3%	640,000	55.3%
Parks Maintenance	281,910	307,466	-25,555	-8.3%	500,000	56.4%
Waste Collection	251,541	270,513	-18,972	-7.0%	400,000	62.9%
Landfill	87,408	97,365	-9,957	-10.2%	175,000	49.9%
Central Maintenance	31,236	36,593	-5,357	-14.6%	75,000	41.6%
Street Maintenance	262,502	231,575	30,926	13.4%	400,000	65.6%
Recreation	2,206	2,101	105	5.0%	4,000	55.2%
Recreation Programs	1,474	1,229	245	19.9%	4,000	36.8%
Aquatics	420	0	420	-	3,000	14.0%
Bleeker/Facility Operations	5,336	5,398	-62	-1.1%	10,000	53.4%
Traffic Engineering	26,172	64,838	-38,666	-59.6%	100,000	26.2%
Capital Hills	15,147	46,814	-31,667	-67.6%	100,000	15.1%
Fleet Maintenance	54,956	38,506	16,450	42.7%	60,000	91.6%
Buildings	80,917	74,599	6,317	8.5%	100,000	80.9%
Personnel	0	104	-104	-100.0%	2,000	0.0%
Engineering	19,389	6,422	12,967	201.9%	15,000	129.3%
DGS Administration	410	13,929	-13,519	-97.1%	20,000	2.1%
Control of Animals	13,353	8,072	5,280	65.4%	20,000	66.8%
Cultural Affairs	767	3,771	-3,004	-79.7%	6,000	12.8%
Legal	0	238	-238	-100.0%	0	-
Total overtime	7,360,135	6,639,458	720,677	10.9%	12,724,000	57.8%

REIMBURSABLE	Q2 2025	Q2 2024	\$O/(U)	O/(U)%	2025 Budget	% of Budget
Police	448,975	501,298	-52,323	-10.4%	831,674	54.0%
<i>*Water Department</i>	<i>341,575</i>	<i>226,713</i>	<i>114,862</i>	<i>50.7%</i>	<i>468,000</i>	<i>73.0%</i>
Total overtime	8,150,685	7,367,469	783,216	10.6%	14,023,674	58.1%

Overtime Expenditures

As of June 30, 2025, total General Fund overtime expenditures totaled \$7.36 million, or 57.8 percent of the \$12.72 million annual budget. This represents a 10.9 percent increase compared to the same period in FY 2024.

The increase is largely attributable to higher overtime usage in the Police Department, which continues to represent the majority of General Fund overtime spending. Police overtime rose

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16.4 percent over the prior year due to staffing shortages, shift coverage requirements, & operational demands. Fire overtime remained stable compared to FY 2024, while several public works divisions—including Communications, Fleet Maintenance, Buildings, & Street Maintenance—experienced increases tied to emergency response, winter operations, & infrastructure maintenance.

Reimbursable Overtime

Reimbursable police overtime totaled \$448,975, representing 54.0 percent of the \$831,674 annual budget and a 10.4 percent decrease from FY 2024, primarily reflecting timing differences in special event & grant-related activity. Separately, reimbursable Water Department overtime totaled \$341,575, a 50.7 percent increase from the prior year, due to elevated operational activity & infrastructure-related work.

Combined reimbursable overtime across both categories totaled \$790,550 through the second quarter, or 56.4 percent of the total \$1.30 million reimbursable overtime budget. When combined with non-reimbursable activity, total General Fund overtime reached \$8.15 million, or 58.1 percent of the overall \$14.02 million budget.

Outlook

While overtime spending is trending above historical pacing, most departments remain within their proportional budgets at midyear. Public safety & public works divisions continue to drive the majority of overtime costs, consistent with operational demands. Continued monitoring of overtime usage, particularly in departments with high year-to-date percentages, will be important to ensure total spending remains within appropriations through year-end.

- City of Albany Cash Flow (\$ Thousands) -

	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Receipts	92,231	21,950	20,083	29,396	28,570	18,258
Disbursements	54,144	33,998	33,082	25,517	35,292	27,538
Ending Cash Balance	47,187	35,139	22,139	26,019	19,297	10,017

Cash Flow Analysis

As of June 30, 2025, the City's General Fund cash balance totaled \$10.0 million, a decline of \$9.3 million from the prior month and down \$37.2 million since the start of the fiscal year. This reduction reflects the City's typical midyear cash flow cycle, in which strong first-quarter property tax receipts taper off prior to the receipt of major state aid payments later in the year.

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Receipts totaled \$18.3 million in June, compared to disbursements of \$27.5 million, resulting in a monthly net outflow of \$9.3 million. On average, monthly receipts through the first half of the year totaled \$26.4 million, while disbursements averaged \$34.9 million, producing a cumulative decline in available cash.

This midyear position aligns with seasonal patterns observed in prior fiscal years. The City relies heavily on the timing of Capital City Funding & the second-quarter Sales Tax distribution—both received in early Q3—to replenish cash reserves. These inflows are essential for maintaining liquidity, ensuring timely vendor payments, & meeting payroll obligations during the late summer months. Treasury continues to closely monitor cash flow to safeguard uninterrupted operations and sustain fiscal stability through the remainder of FY 2025.